

**DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY**

☐ Action Date: \_\_\_\_\_  
☐ For Information Only

**DEPARTMENTAL PERSONNEL MANUAL SYSTEM**

**DPM BULLETIN NO.** 550- 10

**DATE:** APR 28 1982

**SUBJECT:** Effect of Temporary Employment on Severance Pay

This office has received numerous inquiries concerning the effect of acceptance of a time-limited appointment (temporary or term) on severance pay entitlement. The guidance contained in the Federal Personnel Manual (FPM) is poorly organized and has, as a result, generated much confusion. The following information is provided to help answer the questions that have been raised on this issue:

1. Retention of Severance Pay Entitlements.

- a. When an employee accepts a time-limited appointment with a full-time work schedule, and without a break in service of more than three days, the severance pay fund is recomputed after separation from the time-limited appointment. In this instance, the employee never actually began receiving the severance pay because of immediate reemployment in the time-limited position.
- b. The new severance pay computation is based on:
  - 1) the employee's basic pay at the time of separation from the non-time limited position which established the entitlement to severance pay, and
  - 2) the years of service and age as of the time of separation from the time-limited appointment.
- c. An employee who initially failed to meet the basic twelve month continuous service requirement (at the time of separation from the non-time limited appointment) could meet this requirement after the temporary appointment and establish entitlement to severance pay.

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**Filing Instructions:** File after FPM 550 Bulletins

**Bulletin Expires:** Upon Notification

**Distribution:** All FPM Subscribers, field and headquarter

OPI: M-16

d. The time-limited appointment may be less than or greater than one year.

e. References:

- 1) FPM Supplement 990-2, Book 550, S7, page 52.
- 2) FPM Supplement 296-31, Book III, Subchapter S2, pages 111-10 and 11.
- 3) Comptroller General Decision, 56 CG 750 (1977)

2. Postponement of Severance Payments.

a. When an employee who has been receiving severance pay accepts, after a break in service of more than three days, a time-limited appointment of one year or less (including authorized temporary extensions), the payments are suspended until expiration of the time-limited appointment.

b. Payments are resumed at the termination of the time-limited appointment.

c. The amount of severance pay when resumed is the same as originally computed. There is no recomputation.

d. References:

- 1) FPM Supplement 990-2, Book 550, S7, pages 53 and 54.
- 2) FPM Supplement 296-31, Book III, Subchapter S2, page III-11.

3. Postponement of Severance Payments (acceptance of a temporary part-time or temporary intermittent appointment).

a. When an employee who either has or has not been receiving severance payments accepts, with or without a break in service, a temporary part-time or temporary intermittent appointment (including authorized extensions), the payments are suspended until expiration of the appointment.

b. Payments are resumed at the termination of the time-limited appointment.

c. The amount of severance pay when resumed is the same as originally computed. There is no recomputation.

d. Reference:

- FPM Supplement 990-2, Book 550, S7, page 54.

4. Loss of Severance Pay Entitlement.

- a. When an employee who was receiving severance pay accepts, after a break in service of more than three days, an appointment limited to more than one year, the payments are terminated. Payments are not resumed at the termination of the time-limited appointment. (This does not cover, however, time-limited appointments of one year or less which are then temporarily extended under proper authority beyond the one year limit.)
- b. References:
  - 1) FPM 990-2, Book 550, Subchapter 7, page 54.
  - 2) FPM Supplement 296-31, Subchapter S2, page III-II.

  
Director of Personnel and Training